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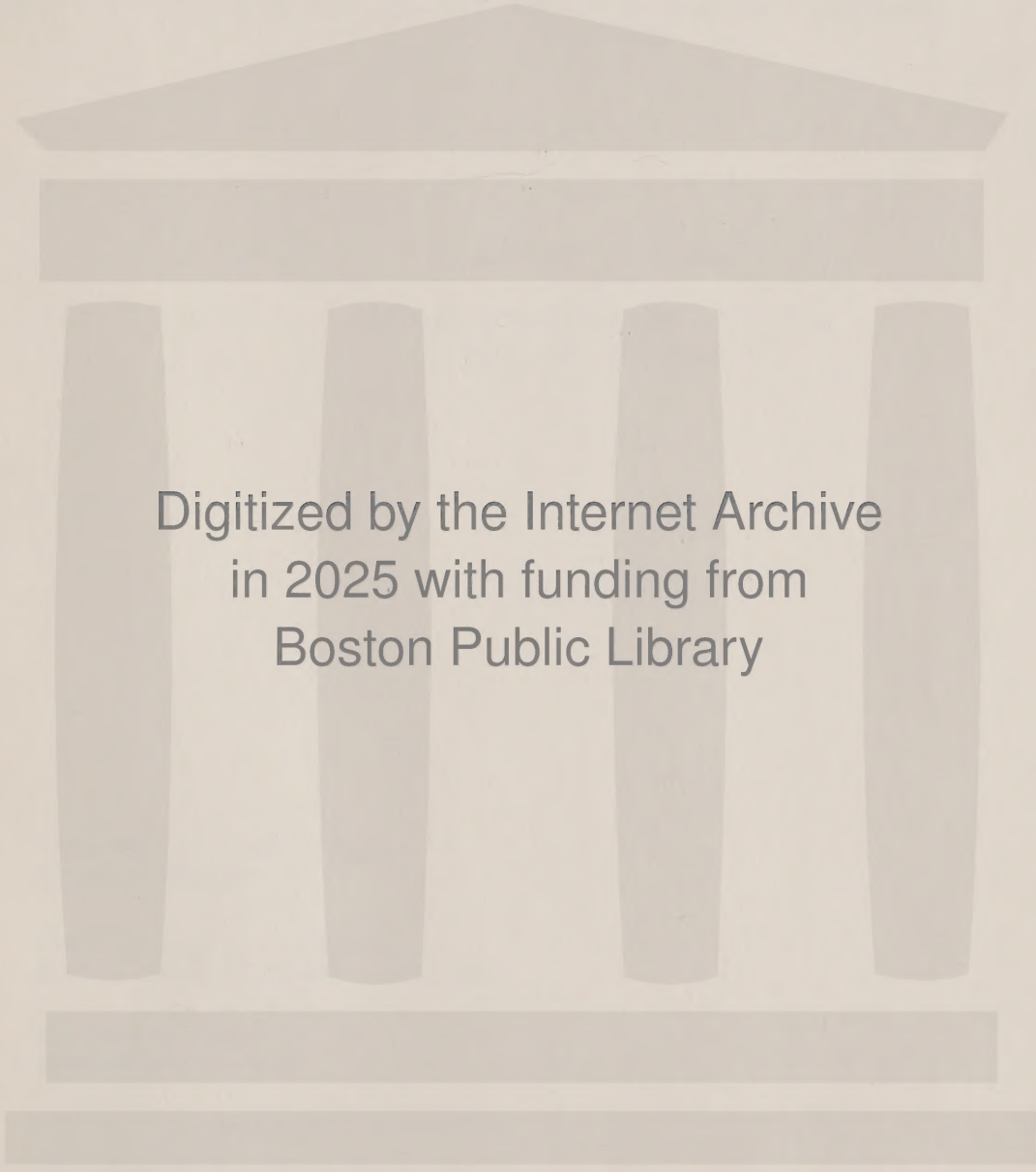
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A BRIEF NOTE ON COMPARATIVE WAGE LEVELS IN THE CITY OF BOSTON, THE METRO AREA AND THE STATE, 1980-1984

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Two sources of employment information indicate that average annual wages have been consistently higher in the city of Boston than in the Boston metro area and the state in each of the years of the 1980-84 period. This would seem to contradict a widely held notion that Boston, with its relative concentration of employment in a broad range of services activity, would be a lower wage area. Except for manufacturing and wholesale trade, Boston wages were higher for all major industry types.

The attached tables present the most current data available. For the major industry types, Table 1 shows the average annual wages by industry, 1980 through 1984, for the city of Boston, the Boston metro area and Massachusetts. In 1984 in Boston, workers in transportation/public utilities/communications were paid the highest average annual wages ($28,500), followed by employees in construction and the federal government ($27,000). The workers in retail trade were paid the least ($12,000), while employees in services ($19,000) and local government ($20,000) were below the citywide average for all industries ($21,000). Lower average wages in retail trade and some services reflect the greater incidence of part-time work in those sectors. Also tips for retail and service workers are not included in the wage data.

In the Boston Metro Area in 1984, federal government workers had the highest average annual wages ($26,000). Employees in manufacturing, transportation/public utilities/communication and wholesale trade averaged between $25,000 and $26,000 in annual wages. The Boston metro area average for all industries was $20,000. Massachusetts showed a similar pattern in 1984, but at somewhat lower wage levels than the city and the metro area.

Table 1

AVERAGE ANNUAL WAGES
BY INDUSTRY, 1980-1984

CITY OF BOSTON

INDUSTRY	1980	1981	1982	1983	1984
ALL INDUSTRIES	15,827	17,186	18,811	20,051	21,284
FEDERAL GOVERNMENT	20,125	22,854	24,580	25,727	27,232
STATE GOVERNMENT	14,990	15,908	18,941	20,063	22,548
LOCAL GOVERNMENT	20,165	20,212	20,551	21,099	20,023
CONSTRUCTION	19,938	22,287	25,179	25,918	27,065
MANUFACTURING	16,740	18,030	19,806	20,747	22,475
TRANSPORTATION-PUB.UT	22,514	24,577	26,678	28,730	28,485
WHOLESALE TRADE	19,191	20,527	22,307	23,232	24,863
RETAIL TRADE	8,910	9,509	9,894	10,559	12,044
FINANCE	18,396	19,733	21,879	24,507	26,632
SERVICES	13,422	15,056	16,712	17,805	18,982

AVERAGE ANNUAL WAGES
BY INDUSTRY, 1980-1984

BOSTON METRO AREA

INDUSTRY	1980	1981	1982	1983	1984
ALL INDUSTRIES	14,800	16,200	17,600	18,700	19,945
FEDERAL GOVERNMENT	20,400	22,500	24,000	25,200	25,902
STATE GOVERNMENT	14,300	15,300	17,800	18,900	21,409
LOCAL GOVERNMENT	16,100	17,300	18,300	19,300	19,581
CONSTRUCTION	18,200	20,195	22,200	23,500	24,186
MANUFACTURING	18,000	19,700	21,600	23,100	25,755
TRANSPORTATION-PUB.UT	20,000	22,000	23,600	25,350	25,541
WHOLESALE TRADE	19,100	20,600	22,200	23,400	25,122
RETAIL TRADE	8,300	8,900	9,400	10,100	10,973
FINANCE	16,400	17,700	19,500	21,600	23,380
SERVICES	13,000	14,600	16,100	17,100	17,631

AVERAGE ANNUAL WAGES
BY INDUSTRY, 1980-1984

MASSACHUSETTS

INDUSTRY	1980	1981	1982	1983	1984
ALL INDUSTRIES	13,600	15,100	16,300	17,343	18,418
FEDERAL GOVERNMENT	19,200	21,400	22,900	23,921	24,998
STATE GOVERNMENT	14,000	15,000	17,100	18,610	20,937
LOCAL GOVERNMENT	14,400	15,400	16,500	17,500	18,034
CONSTRUCTION	16,800	18,600	20,200	21,032	22,096
MANUFACTURING	16,400	18,000	19,700	21,065	22,580
TRANSPORTATION-PUB.UT	18,700	20,600	22,000	23,424	23,824
WHOLESALE TRADE	18,100	19,400	20,900	22,121	23,748
RETAIL TRADE	7,800	8,400	8,800	9,442	10,155
FINANCE	15,200	16,500	18,100	19,930	21,422
SERVICES	11,900	13,300	14,600	15,540	16,438

A comparison between the city, metro area and state is presented as the ratio of average annual wages in the city of Boston to the Boston metro area and to the state (Table 2). For all industries combined, Boston's wage level is 7 percent greater than that in the metro area and 16 percent greater than the average state level. The hypothesis suggested by the data is that Boston's mix of industry and occupations is a higher grade than that of the metro area and the state. There is the question, nevertheless: to what extent do the types of jobs within industries differ in the city compared to the rest of the metropolitan area and the state and to what degree do employers in the city pay more for the same jobs? Wage surveys by occupation are available for selected occupations in the Boston metro area and the state, but not for Boston. Furthermore, occupational detail by industry type is not available for any geography within the state.

Boston's comparative wage advantage in transportation/public utilities/communications, retail trade, and finance and services, however, are partly explained by the concentration of corporation headquarters and major business branches in Boston. Workplaces in the city would have relatively more executives, managers and officials than suburban locations. In banking, for example, a suburban branch would have mostly tellers and clerical workers, while a downtown office would have more of the higher-paying loan officers and financial analysts. Services, in which Boston workers had an 8 percent wage advantage in 1984, include physicians at Boston's very large hospitals, lawyers, architects, consultants, engineers and other professional workers. Services in Boston's suburbs would likely include relatively more personal services and less of the best-paying service jobs.

Table 2

RATIO OF AVERAGE ANNUAL WAGES
BY INDUSTRY, 1980-1984

BOSTON TO METRO AREA

INDUSTRY	1980	1981	1982	1983	1984
ALL INDUSTRIES	1.07	1.06	1.07	1.07	1.07
FEDERAL GOVERNMENT	0.99	1.02	1.02	1.02	1.05
STATE GOVERNMENT	1.05	1.04	1.06	1.06	1.05
LOCAL GOVERNMENT	1.25	1.17	1.12	1.09	1.02
CONSTRUCTION	1.10	1.10	1.13	1.10	1.12
MANUFACTURING	0.93	0.92	0.92	0.90	0.87
TRANSPORTATION-PUB.UT	1.13	1.12	1.13	1.13	1.12
WHOLESALE TRADE	1.00	1.00	1.00	0.99	0.99
RETAIL TRADE	1.07	1.07	1.05	1.05	1.10
FINANCE	1.12	1.11	1.12	1.13	1.14
SERVICES	1.03	1.03	1.04	1.04	1.08

RATIO OF AVERAGE ANNUAL WAGES
BY INDUSTRY, 1980-1984

BOSTON TO MASSACHUSETTS

INDUSTRY	1980	1981	1982	1983	1984
ALL INDUSTRIES	1.15	1.14	1.15	1.16	1.16
FEDERAL GOVERNMENT	1.05	1.07	1.07	1.08	1.09
STATE GOVERNMENT	1.07	1.06	1.11	1.08	1.08
LOCAL GOVERNMENT	1.40	1.31	1.25	1.21	1.11
CONSTRUCTION	1.19	1.20	1.25	1.23	1.22
MANUFACTURING	1.02	1.00	1.01	0.98	1.00
TRANSPORTATION-PUB.UT	1.20	1.19	1.21	1.23	1.20
WHOLESALE TRADE	1.06	1.06	1.07	1.05	1.05
RETAIL TRADE	1.14	1.13	1.12	1.12	1.19
FINANCE	1.21	1.20	1.21	1.23	1.24
SERVICES	1.13	1.13	1.14	1.15	1.15

SOURCE: MASSACHUSETTS DIVISION OF EMPLOYMENT SECURITY, ES-202 SERIES.
BRA RESEARCH DEPARTMENT, OCT. 24, 1985.

Looking across the years, 1980-1984, the most striking trend is the lack of growth in average wages in the local government sector in Boston (Table 1). While local government employment fell by about 25 percent during those years, the average wage ended up at the same level ($20,000). If inflation (27% from 1980 to 1984) were taken into account, the average pay would have been substantially lower in 1984 compared to 1980. Furthermore, the city of Boston lost ground compared to the Boston metro area and the state (see Table 2). In 1980, local government workers had a 25 percent wage advantage over local government workers in the metro area; by 1984, average wages for local government workers were about the same in the city and the metro area.

Finally, Table 3 exhibits data from the second source--our Suffolk County and Metro Area Economic Model developed by Regional Economic Models, Inc. Estimates for detailed industries in 1985 indicate that Boston (Suffolk County) has only a slight wage disadvantage in high technology industries. Workers in Boston's manufacturing specialty, printing and publishing, have an 11 percent edge over metro area workers. However, Boston's overall manufacturing wage level is comparatively low because it has fewer of the higher-paying high technology industries and relatively more of the older, lower-paying manufacturing industries than the metro area. The wage advantage for Boston workers spreads across a variety of industries, again, partly due to the concentration of higher-paying jobs within those industries in the city.

Table 3

WAGE RATES IN SUFFOLK COUNTY AND THE FIVE-COUNTY METRO AREA
AND SUFFOLK/METRO RATIO, 1980 ACTUAL AND 1985 PROJECTED

OCCUPATION	SUFFOLK 1980	METRO AREA 1980	RATIO	SUFFOLK 1985	METRO AREA 1985	RATIO
NON-ELECTRIC MACHINERY	18,458	18,735	.99	27,683	28,018	.99
ELECTRIC & ELECTRONIC EQUIPMENT	17,386	17,647	.99	26,945	27,238	.99
INSTRUMENTS	19,264	19,553	.99	27,583	27,882	.99
MISCELLANEOUS MANUFACTURING	13,033	13,229	.99	19,416	19,628	.99
PRINTING	17,317	15,581	1.11	24,402	21,987	1.11
CONSTRUCTION	20,809	17,620	1.18	31,190	25,868	1.21
COMMUNICATION	23,795	22,231	1.07	37,003	34,581	1.07
PUBLIC UTILITIES	24,516	22,904	1.07	36,061	33,739	1.07
BANKING	14,932	13,477	1.11	22,365	20,219	1.11
INSURANCE	18,392	16,600	1.11	26,921	24,491	1.10
CREDIT & FINANCE	23,801	21,482	1.11	34,857	31,523	1.11
REAL ESTATE	14,151	12,772	1.11	22,167	19,938	1.11
EATING & DRINKING	6,917	6,006	1.15	8,886	8,005	1.11
REST OF RETAIL TRADE	10,703	9,293	1.15	13,827	12,457	1.11
WHOLESALE TRADE	19,439	18,651	1.04	27,702	26,692	1.04
HOTELS	9,197	8,705	1.06	13,141	12,224	1.08
PERSONAL SERVICE & REPAIR	11,227	10,627	1.06	15,220	14,182	1.07
PRIVATE HOUSEHOLD	6,300	5,963	1.06	8,489	7,920	1.07
AUTO REPAIR/SERVICE	12,808	12,122	1.06	17,945	16,667	1.08
MISCELLANEOUS BUSINESS SERVICES	14,041	13,290	1.06	21,773	20,219	1.08
AMUSEMENT & RECREATION	9,790	9,266	1.06	13,499	12,551	1.08
MOTION PICTURES	9,673	9,155	1.06	15,424	14,315	1.08
MEDICAL SERVICES	13,894	13,150	1.06	20,574	19,185	1.07
MISC. PROFESSIONAL SERVICES	22,002	20,824	1.06	33,463	30,980	1.08
EDUCATION	11,133	10,537	1.06	16,608	15,641	1.06
NON-PROFIT ORGANIZATIONS	8,571	8,112	1.06	11,355	10,571	1.07

SOURCE: BRA REARCH DEPARTMENT; REGIONAL ECONOMIC MODELS, INC.